

KASB MODARABA

QUARTERLY REPORT
MARCH 31, 2023

MANAGED BY
AWWAL MODARABA MANAGEMENT LIMITED

Vision

Awwal Modaraba Management Limited (AMML) will play a role in the economic process and development of Pakistan by providing a range of advisory services and financial support, through Sharia compliant modes; to viable projects in high growth, capital starved sectors of the economy.

Mission

Awwal Modaraba Management Limited (AMML) aims to be at the vanguard of innovation in modaraba management services, offering the best solutions to our customers, value to our certificate holders and modaraba investors, complemented with a challenging, equal opportunity to our employees.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza	Chairman	Independent Director
Mr. Shahid Ghaffar		Independent Director
Ms. Ayesha Aziz		Non-Executive Director
Mr. Abdul Jaleel Shaikh		Non-Executive Director
Mr. Ahmed Ateeq		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Mr. Abdul Jaleel Shaikh	Member
Mr. Ahmed Ateeq	Member

Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Ms. Ayesha Aziz	Member
Mr. Karim Hatim	Member

Company Secretary

Ms. Misbah Asjid

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

Grant Thornton Anjum Rehman, Chartered Accountants

Bankers

Dubai Islamic Bank
Soneri Bank

Certificate Registrar

C&K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi – 75530
Phone: 021-35687839 & 021-35685930

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hilal Shariah Advisors (Private) Limited

Registered & Head Office

3rd Floor, Horizon Vista, Plot No:
Commercial 10, Block-4, Clifton, Karachi
Phone : 021- 35361215-9,Fax: 021-
35374275

KASB MODARABA

Directors' Report

For the nine months period ended 31 March 2023

On behalf of the Board of Directors of Awwal Modaraba Management Limited, the management company of KASB Modaraba, we are pleased to present Directors' Report together with the unaudited financial results of KASB Modaraba for the nine months period ended 31 Mar 2023.

Economy

Pakistan's economy continues to face serious economic challenges exacerbated by increasing political instability. This is an alarming situation with a potential risk of default on external debt obligations in the absence of preemptive restructuring and a return to IMF program. The crisis is demonstrated by sustained decline in Rupee value which fell by 27% since December 2022, foreign exchange reserves of \$4.2 billion (as of March 31, 2023), record high inflation at 35.4%, highest ever policy rate at 21%, and a sharp downward revision in growth forecast from 2% to 0.4%. Resumption of the IMF program accompanied by support from China, Saudi Arabia and UAE in the form of new loans can provide a measure of immediate stability. With all the difficult conditions required by IMF largely implemented, including market-based exchange rate, mini-budget to cover shortfall in tax revenue, reduction in subsidies, increase in utility tariffs, hike in policy rate and commitment of bilateral support from friendly countries, it is expected that ninth review of IMF would be completed and staff level agreement reached in the next few weeks.

Pakistan's economy is expected to grow by only 0.4 percent in the current fiscal year ending June 2023. According to World Bank's latest Pakistan Development Update released on April 4, 2023. This slower growth reflects subdued private sector activity amid deteriorating confidence, import controls, belated fiscal tightening, and the impacts of the unprecedented floods of summer 2022.

Clarity on political front and a successful review of IMF can herald a gradual return to normalcy after this period of unprecedented instability.

Financial Performance

The outstanding portfolio size stood at PKR 139.10 million as at March 31, 2023 (June 30, 2022: 172.36 million) with corresponding increase in liquid assets to PKR 54.85 million compared to PKR 10.37 million.

During the period under review, overall revenues have been recorded at PKR 35.99 million compared to PKR 20.14 million in corresponding period last year. Total expenses for the period were contained at PKR 9.07 million. Excluding management fee, the company posted profit after tax for the period of PKR 24.62 million as compared to PKR 6.36 million in the corresponding period last year.

Current status of merger of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba

On March 02, 2023, the Honourable High Court allowed our merger petition of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba. As a next step towards completion of merger, announcement of final and permanent book closure of the certificate transfer register of KASB Modaraba and First Pak Modaraba has been made. The Certificate Holders books of KASB Modaraba and First Pak Modaraba will be closed on May 10, 2023 for the purpose of determining the identities of the certificate holders of KASB Modaraba and First Pak Modaraba, and consequently their respective entitlements to Modaraba certificates of First Prudential Modaraba. KASB Modaraba and First Pak Modaraba will then be delisted from PSX and the books of both KASB Modaraba, First Pak Modaraba will be amalgamated into First Prudential Modaraba.

Governance

There has been no change in the Board of Directors of Awwal Modaraba Management Limited during the period under review.

Acknowledgement

The Board would like to acknowledge and appreciate Securities and Exchange Commission of Pakistan and Registrar Modaraba for their continuous guidance and support. We would like to avail this opportunity to thank its customers and investors for placing their trust in the Modaraba.

On behalf of the Board

Karim Hatim
Chief Executive

Abdul Jaleel Shaikh
Director

Date: 27th April, 2023

KASB مضاربہ

ڈائریکٹرز کی رپورٹ

31 مارچ 2023 کو ختم ہونے والی نو ماہ کی مدت کے لیے

KASB مضاربہ کی انتظامی کمپنی اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 31 مارچ 2023 کو

ختم ہونے والی نو ماہ کی مدت کے لیے KASB مضاربہ کے غیر آڈٹ شدہ مالیاتی نتائج کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معیشت

پاکستان کی معیشت کو بدستور سنگین معاشی چیلنجز کا سامنا ہے جو بڑھتے ہوئے سیاسی عدم استحکام سے بڑھ رہے ہیں۔ یہ ایک تشویشناک صورتحال ہے جس میں قبل از وقت تنظیم نو اور آئی ایم ایف پروگرام میں واپسی کی غیر موجودگی میں بیرونی قرضوں کی ذمہ داریوں پر ڈیفالٹ کا خطرہ ہے۔ اس بحران کا اظہار روپے کی قدر میں مسلسل کمی سے ہوتا ہے جو دسمبر 2022 کے بعد سے 27 فیصد تک گر گئی، زر مبادلہ کے ذخائر 4.2 بلین ڈالر (31 مارچ 2023 تک)، ریکارڈ بلند افراط زر 35.4 فیصد، پالیسی شرح 21 فیصد پر اب تک کی بلند ترین شرح، اور چین، سعودی عرب اور متحدہ عرب امارات کی جانب سے نئے قرضوں کی صورت میں آئی ایم ایف پروگرام کے دوبارہ شروع ہونے کے ساتھ شرح نمو کی پیشن گوئی میں 2 فیصد سے 0.4 فیصد تک تیزی سے نیچے کی طرف نظر ثانی فوری استحکام کا ایک پیمانہ فراہم کر سکتی ہے۔ آئی ایم ایف کی طرف سے درکار تمام مشکل شرائط کو بڑے پیمانے پر لاگو کیا گیا، جس میں مارکیٹ پر مبنی شرح تبادلہ، ٹیکس ریونیو میں کمی کو پورا کرنے کے لیے منی بجٹ، سبسڈی میں کمی، یوٹیلیٹی ٹیرف میں اضافہ، پالیسی ریٹ میں اضافہ اور دوست ممالک کی جانب سے دو طرفہ تعاون کا عزم شامل ہیں۔ توقع ہے کہ آئی ایم ایف کا نواں جائزہ مکمل ہو جائے گا اور عملے کی سطح پر معاہدہ اگلے چند ہفتوں میں طے پا جائے گا۔ جون 2023 کو ختم ہونے والے رواں مالی سال میں پاکستان کی معیشت میں صرف 0.4 فیصد اضافہ متوقع ہے۔ یہ سست شرح نمو بگڑتے ہوئے اعتماد، درآمدی کنٹرول، تاخیر سے مالیاتی سختی اور موسم گرما 2022 کے بے مثال سیلاب کے اثرات کے درمیان نجی شعبے کی پست سرگرمی کی عکاسی کرتی ہے۔

سیاسی محاذ پر وضاحت اور آئی ایم ایف کا کامیاب جائزہ بے مثال عدم استحکام کے اس دور کے بعد بتدریج معمول پر آنے کا

اعلان کر سکتا ہے۔

مالیاتی کارکردگی:

بقایا پورٹ فولیو کا سائز 31 مارچ 2023 (30 جون 2022: 172.36 بلین) کو 139.10 PKR بلین تھا جس میں

10.37 PKR بلین کے مقابلے 54.85 PKR بلین ہو گیا۔

زیر جائزہ مدت کے دوران مجموعی آمدنی 35.99 PKR بلین ریکارڈ کی گئی ہے جو گزشتہ سال کی اسی مدت میں 20.14 PKR

بلین تھی۔ اس مدت کے لیے کل اخراجات 9.07 PKR بلین تھے۔ مینجمنٹ فیس کو چھوڑ کر، کمپنی نے 24.62 PKR بلین کی مدت کے

لیے بعد از ٹیکس منافع حاصل کیا جو کہ گزشتہ سال کی اسی مدت میں 6.36PKR ملین تھا۔

کے اے ایس بی مضاربہ اور فرسٹ پاک مضاربہ کے انضمام کی موجودہ صورتحال پہلے پروڈینشل مضاربہ کے ساتھ:

02 مارچ 2023 کو، معزز ہائی کورٹ نے ہماری KASB مضاربہ اور فرسٹ پاک مضاربہ کے انضمام کی درخواست کو فرسٹ پروڈینشل مضاربہ کے ساتھ اور ان میں داخل کرنے کی اجازت دی۔ انضمام کی تکمیل کی جانب اگلے قدم کے طور پر، KASB مضاربہ اور فرسٹ پاک مضاربہ کے سٹوفکیٹ ٹرانسفر رجسٹر کی حتمی اور مستقل بک بند کرنے کا اعلان کیا گیا ہے۔ KASB مضاربہ اور فرسٹ پاک مضاربہ کے سٹوفکیٹ ہولڈرز کی شناخت کا تعین کیا جاسکے اور اس کے نتیجے میں فرسٹ پروڈینشل مضاربہ کے مضاربہ سٹیفلیٹس کے ان کے متعلقہ حقدار ہوں۔ KASB مضاربہ اور فرسٹ پاک مضاربہ کو پھر PSX سے ڈی لسٹ کر دیا جائے گا اور KASB مضاربہ، فرسٹ پاک مضاربہ دونوں کی کتابوں کو فرسٹ پروڈینشل مضاربہ میں ضم کر دیا جائے گا۔

گورننس:

زیر جائزہ مدت کے دوران اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی ہے۔

اعتراف

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹرار مضاربہ کی مسلسل رہنمائی اور تعاون کا اعتراف اور تعریف کرنا چاہتا ہے۔ ہم مضاربہ پر اعتماد کرنے کے لیے اس کے صارفین اور سرمایہ کاروں کا شکریہ ادا کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہتے ہیں۔

بورڈ کی جانب سے

عبدالجلیل شیخ
ڈائریکٹر

کریم حاتم
چیف ایگزیکٹو

تاریخ: 27 اپریل 2023

KASB MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2023

	Note	Un audited March 31, 2023	Audited June 30, 2022
		----- Rupees -----	
ASSETS			
Current assets			
Cash and bank balances	6	54,858,806	10,336,507
Short term investment	7	2,687,578	4,440,102
Current portion of long term diminishing musharaka finance	8	57,102,664	53,122,595
Ijarah rentals receivable		2,509,472	367,476
Advances, prepayments and other receivables	9	4,291,984	4,975,422
Taxation - Net		1,312,801	3,796,938
		122,763,305	77,039,040
Non-current assets			
Long-term diminishing musharaka finance	8	81,999,622	119,236,835
Ijarah assets	10	61,765,512	35,797,940
Fixed Assets - own use		-	-
		143,765,134	155,034,775
TOTAL ASSETS		266,528,439	232,073,815
LIABILITIES			
Current liabilities			
Redeemable capital - participatory and unsecured		1,015,000	1,315,000
Short term finance	11	50,000,000	50,000,000
Ijarah deposit		3,579,900	3,579,900
Creditors, accrued and other liabilities	12	15,934,154	12,754,063
Unclaimed profit distribution		4,665,896	3,493,568
		75,194,949	71,142,531
Non-current liabilities			
Long term portion of ijarah deposit		18,100,749	8,100,749
Deferred liabilities - staff gratuity		1,563,798	1,307,550
Deferred taxation		723,133	387,022
		20,387,680	9,795,321
TOTAL LIABILITIES		95,582,629	80,937,852
NET ASSETS		170,945,810	151,135,963
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized certificate capital			
50,000,000 (June 30, 2022 : 50,000,000) certificates of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	13	480,664,800	480,664,800
Revenue reserve		(301,336,994)	(321,146,841)
Capital reserve		(8,381,996)	(8,381,996)
		170,945,810	151,135,963
Unrealized gain of revaluation of investment		-	-
TOTAL CERTIFICATE HOLDERS' EQUITY		170,945,810	151,135,963
CONTINGENCIES AND COMMITMENTS			
	14		

The annexed notes from 1 to 22 form an integral part of these special purpose financial statements

For Awwal Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	Nine months ended		Quarter ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- Rupees -----					
Income from:					
Deposit with Banks		1,181,075	4,264,805	420,693	636,307
Investment in sukuk		-	1,078,739	-	109,677
Term deposit		-	992,641	-	26,263
Murabaha Finance		-	-	-	-
Diminishing musharaka finance		21,775,315	9,197,514	7,022,634	5,243,339
Ijarah finance		12,967,464	1,706,924	5,257,476	1,587,521
Realized gain on sale of shares		-	2,727,298	-	-
Dividend on shares		65,872	177,324	65,872	82,340
		35,989,726	20,145,244	12,766,675	7,685,447
Financial charges		(6,743,438)	(3,253,151)	(2,369,609)	(1,555,398)
Depreciation on assets under ijarah arrangements	10.1	(9,032,428)	(1,185,900)	(3,473,772)	(1,086,300)
		(15,775,866)	(4,439,051)	(5,843,381)	(2,641,698)
		20,213,859	15,706,194	6,923,293	5,043,748
Other income		957,786	402,150	358,192	169,535
Unrealized gain / (loss) on investment - at FVTPL		(1,752,525)	(947,075)	(495,029)	(286,873)
Reversal of provision against murabaha finance		5,140,000	380,000	90,000	115,000
Reversal of provision against modaraba finance		4,209,389	-	4,209,389	-
Reversal of provision / suspension against ijarah		8,570,755	3,377,832	8,570,755	-
Administrative and operating expenses		(9,074,874)	(11,452,438)	(3,010,654)	(2,533,145)
		28,264,392	7,466,664	16,645,947	2,508,265
Management Company's remuneration	15	-	-	-	-
Sindh Worker's Welfare Fund	16	(554,210)	(146,406)	(326,397)	(49,182)
		(554,210)	(146,406)	(326,397)	(49,182)
Profit before taxation		27,710,182	7,320,259	16,319,550	2,459,083
Taxation	17	(3,093,687)	(959,860)	(1,076,593)	(322,444)
Net Profit for the period		24,616,495	6,360,399	15,242,957	2,136,639
Earning per certificate - basic and diluted	18	0.51	0.13	0.32	0.04

The annexed notes from 1 to 22 form an integral part of these special purpose financial statements

For Awwal Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

KASB MODARABA**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)****FOR THE PERIOD ENDED MARCH 31, 2023**

	Nine months ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	----- Rupees-----			
Net Profit for the period	24,616,495	6,360,399	15,242,957	2,136,639
<i>Other comprehensive income</i>	-	-	-	-
		-		-
Total comprehensive income for the period	<u>24,616,495</u>	<u>6,360,399</u>	<u>15,242,957</u>	<u>2,136,639</u>

The annexed notes from 1 to 22 form an integral part of these special purpose financial statements

**For Awwal Modaraba Management Limited
(Modaraba Management Company)**

Chief Financial Officer

Chief Executive Officer

Director

Director

KASB MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Certificate capital	<i>Capital reserves</i>		<i>Revenue reserve</i>	Total
		Discount on Issuance of certificates	Statutory reserve	Accumulated losses	
----- Rupees -----					
Balance as at July 01, 2021 (Audited)	480,664,800	(98,960,400)	89,345,743	(303,005,573)	168,044,570
Net profit for the period	-	-	-	6,360,399	6,360,399
Profit distribution @ Re.0.48 per certificate for the year ended June 30, 2021				(23,071,910)	(23,071,910)
Transfer to statutory reserve	-	-	1,272,080	(1,272,080)	-
Balance as at March 31, 2022 (Un-audited)	480,664,800	(98,960,400)	90,617,823	(320,989,164)	151,333,059
Balance as at July 1, 2022 (Audited)	480,664,800	(98,960,400)	90,578,404	(321,146,841)	151,135,963
Net Profit for the period	-	-	-	24,616,495	24,616,495
Profit distribution @ Re.0.10 per certificate for the year ended June 30, 2022	-	-	-	(4,806,648)	(4,806,648)
Transfer to statutory reserve	-	-	-	-	-
Balance as at March 31, 2023	480,664,800	(98,960,400)	90,578,404	(301,336,994)	170,945,810

The annexed notes from 1 to 22 form an integral part of these special purpose financial statements

For Awwal Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

KASB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Un-audited March 31, 2023	Un-audited March 31, 2022
Note	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	27,710,182	7,320,259
Adjustments for non-cash charges and other items:		
Depreciation for the period - own asset	-	9,725
Depreciation for the period - ijarah	9,032,428	1,185,900
Unrealized gain / (loss) on investment - at FVTPL	1,752,525	947,075
Reversal of provision against morabaha finance	(5,140,000)	(380,000)
Reversal of provision against ijarah	(8,570,755)	(3,377,832)
Reversal of provision against modaraba finance	(4,209,389)	-
Gain on sale of fixed assets	-	(56,959)
Gain on sale of investments	-	(2,727,298)
Financial charges	6,743,438	3,253,151
Provision for worker's welfare fund	-	146,406
Provision against gratuity	256,248	256,248
	27,574,677	6,576,673
Decrease / (increase) in assets		
Diminishing musharaka finance	33,257,144	(114,030,989)
Ijarah rentals receivable	(2,141,996)	(243,832)
Advances, prepayments and other receivables	683,438	(2,922,634)
	31,798,586	(117,197,455)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	3,180,091	(2,242,380)
Musharaka finance	-	(50,000,000)
Short term finance	-	50,000,000
Ijarah deposit	10,000,000	7,241,999
Redeemable capital	(300,000)	-
Unclaimed profit distribution	1,172,328	681,213
	14,052,418	5,680,832
Financial charges paid	(6,743,438)	(9,015,337)
Tax paid	(273,440)	(1,035,273)
Staff gratuity paid	-	(181,712)
	(7,016,878)	(10,232,322)
Net cash used in operating activities	66,408,803	(115,172,272)
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of fixed assets	-	150,900
Receipt from settlement of morabaha finance	5,140,000	380,000
Receipt from settlement of ijarah	8,570,755	3,377,832
Receipt from settlement of modaraba finance	4,209,389	-
Proceeds from redemption of modaraba term deposit	-	27,000,000
Sale proceeds from investments	-	24,330,262
Purchase of ijarah assets	(35,000,000)	(28,968,000)
Net cash (used in)/ generated from investing activities	(17,079,856)	26,270,994
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(4,806,648)	(23,071,910)
Net cash used in financing activities	(4,806,648)	(23,071,910)
Net (decrease)/ increase in cash and cash equivalents period	44,522,299	(111,973,188)
Cash and cash equivalents at the beginning of the year	10,336,507	147,114,654
Cash and cash equivalents at the end of the period	54,858,806	35,141,466

The annexed notes from 1 to 22 form an integral part of these special purpose financial statements

For Awwal Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and was managed by KASB Invest (Private) Limited (the Management Company) - KIPL, a company incorporated in Pakistan.

The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Administrator for the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.

The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated January 31, 2020 appointed Awwal Modaraba Management Limited (AMML) to take over and manage the affair of the Modaraba. AMML has taken over the management and administrative control of KASB Modaraba effective from February 03, 2020.

The registered office of KASB Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No. 5, Clifton, Karachi. The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharaka financing, murabaha financing, modaraba financing, diminishing musharaka and investing in sukuk bonds, mutual funds and listed securities. The Modaraba is listed on the Pakistan Stock Exchange.

- 1.1 The Board of Directors of the Modaraba Management Company in their meeting held on March 11, 2022 have approved the draft scheme of arrangement of merger of KASB Modaraba with and into First Prudential Modaraba subject to completion of necessary Corporate / Regulatory formalities, approval from the Stakeholders / Regulators and the sanction of scheme by the Honorable High Court along with fulfilment of all legal formalities.

After obtaining the NOC from SECP, the petition has been filed in the High Court of Sindh. The Honorable Court vide order dated July 5, 2022 directed to hold meeting of the certificate holders for approval of the merger scheme and submit the report thereon. Accordingly, meeting of the certificate holders convened on August 12, 2022 wherein the certificate holders have extended the desired approval. On March 2, 2023, the Honorable High Court approved / sanctioned the merger scheme and the procedures to materialize the merger are in process of completion.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2022.

- 2.3 These comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2022 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2022 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended March 31, 2022 have been extracted from the condensed interim financial statements for the period ended March 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of annual statements of the Modaraba for the year ended June 30, 2022.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2022.

5. BASIS OF PREPARATION

These condensed interim financial statements have been prepared under the historical cost convention, except as stated otherwise in these financial statements.

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

		Un-Audited March 31, 2023	Audited June 30, 2022
	Note	----- Rupees -----	
6. CASH AND BANK BALANCES			
<i>Cash at bank in :</i>			
Current accounts		4,679,935	3,593,479
Saving accounts	6.1	50,158,871	6,743,028
		54,838,806	10,336,507
Cash in hand		20,000	-
		<u>54,858,806</u>	<u>10,336,507</u>
6.1	Effective profit rates on these accounts range between 5.50% and 13.25% (June 30, 2022: 5.50% and 13.25%) per annum.		
7. SHORT TERM INVESTMENT		March 31, 2023	June 30, 2022
	Note	----- Rupees -----	
Fair value through profit or loss (FVTPL) - quoted securities	7.1	2,687,578	4,440,102
		<u>2,687,578</u>	<u>4,440,102</u>
7.1 Fair value through profit or loss (FVTPL) - quoted securities			
Number of fully paid ordinary shares of Rs.10 each.			
		March 31, 2023	June 30, 2022
		----- Shares -----	
		16,468	16,468
		<u>16,468</u>	<u>16,468</u>
		Automobile Parts & Accessories Thal Limited	
		2,687,578	4,440,102
		<u>2,687,578</u>	<u>4,440,102</u>
8. DIMINISHING MUSHARKA FINANCE			
Diminishing musharaka finance - considered good		181,213,833	222,409,691
Diminishing musharaka finance - doubtful		666,134	666,134
Unearned Income		(42,111,547)	(50,050,261)
		139,768,420	173,025,564
Less: provision for non-performing diminishing musharaka		(666,134)	(666,134)
		139,102,286	172,359,430
Diminishing musharaka due after one year		(81,999,622)	(119,236,835)
Current portion of diminishing musharaka		57,102,664	53,122,595
		<u>57,102,664</u>	<u>53,122,595</u>
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to other employees - unsecured		347,825	433,385
Prepayments		-	-
Short term security deposits		1,461,259	365,240
Accrued profit		223,300	223,300
Receivable from associated entities-considered good		243,635	240,526
Others		1,606,377	3,390,973
		409,588	321,997
		<u>4,291,984</u>	<u>4,975,422</u>

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	March 31, 2023	June 30, 2022
		----- Rupees -----	
10. IJARAH ASSETS			
Plant and machinery		33,718,792	3,579,900
Vehicles		28,046,720	32,218,040
	10.1	<u>61,765,512</u>	<u>35,797,940</u>

10.1 Assets held under Ijarah arrangement

Description	Vehicle	Plant and machinery	Total
	----- Rupees -----		
Period ended March 31, 2023- (un audited)			
<i>Net carrying value basis</i>			
Opening - NBV *	32,218,040	3,579,900 *	35,797,940
Addition / deletion	-	35,000,000	35,000,000
Depreciation charge	(4,171,320)	(4,861,108)	(9,032,428)
Closing - NBV	<u>28,046,720</u>	<u>33,718,792</u>	<u>61,765,512</u>
<i>Gross carrying value basis</i>			
Cost	34,693,000	68,848,819	103,541,819
Accumulated depreciation and impairment	(6,646,280)	(35,130,027)	(41,776,307)
Closing - NBV	<u>28,046,720</u>	<u>33,718,792</u>	<u>61,765,512</u>
Depreciation rate % per annum	<u>20 to 66</u>	<u>14 to 33</u>	

Year ended June 30, 2022- (Audited)

<i>Net carrying value basis</i>			
Opening - NBV	-	3,579,900	3,579,900
Addition/deletion	34,693,000	-	34,693,000
Depreciation charge	(2,474,960)	-	(2,474,960)
Closing - NBV	<u>32,218,040</u>	<u>3,579,900</u>	<u>35,797,940</u>
<i>Gross carrying value basis</i>			
Cost	34,693,000	33,848,819	68,541,819
Accumulated depreciation and impairment	(2,474,960)	(30,268,919)	(32,743,879)
Closing NBV	<u>32,218,040</u>	<u>3,579,900 *</u>	<u>35,797,940</u>
Depreciation rate % per annum	<u>20 to 66</u>	<u>14 to 33</u>	

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	March 31, 2023	June 30, 2022
		----- Rupees -----	
11	SHORT TERM FINANCE		
	11.1	50,000,000	50,000,000

11.1 The Modaraba has availed finance facility of Rs. 50 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Ltd (PBIC). As per terms of the agreement, PBIC acts as Muwakkil (the principal) and Modaraba is the Wakil (the agent) to execute the Shariah Compliant transactions through and as a part of the Wakil's pool of assets for deployment of funds under the extended facility.

The facility shall be matured on December 28, 2023 and may thereafter be extended by a further period or periods of one year each if approved by both parties. Return to the Muwakkil on investment is expected at 3 Month KIBOR+2% per annum.

The facility is secured by way of First Hypothecation charge on all present and future assets of the Modaraba with 25% margin.

	Note	March 31, 2023	June 30, 2022
		----- Rupees -----	
12	CREDITORS, ACCRUED AND OTHER LIABILITIES		
Management Company's remuneration	12.1	480,605	1,257,265
SWWF Payable		2,212,839	1,658,629
Sundry creditors		9,833,583	5,632,673
Payable to associated entities		508,890	980,810
Accrued expenses		1,044,100	1,159,674
Charity payable	12.2	26,858	232,474
Insurance premium received in advance		923,167	923,167
Other liabilities		904,111	909,371
		15,934,154	12,754,063

12.1 The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from November 01, 2011. However, certain modaraba management companies have approached the Honourable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion, obtained by one of the Modaraba under common management can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.

	2023	2022
	----- Rupees -----	
12.2	Movement of charity payable	
Opening balance	232,474	1,483,194
Add: Amount credited during the period / year	299,423	262,474
	531,897	1,745,668
Less: Amount paid during the period / year	(505,039)	(1,513,194)
	26,858	232,474

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

March 31, 2023	June 30, 2022		March 31, 2023	June 30, 2022
----- Certificates -----			----- Rupees -----	
24,958,400	24,958,400	Modaraba Certificates of Rs. 10/- each fully paid in cash	249,584,000	249,584,000
3,316,000	3,316,000	Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	33,160,000	33,160,000
19,792,080	19,792,080	Modaraba Certificates of Rs. 10/- each issued at 50% discount as right certificates	197,920,800	197,920,800
<u>48,066,480</u>	<u>48,066,480</u>		<u>480,664,800</u>	<u>480,664,800</u>

13.1 As at 31 March 2023, Awwal Modaraba Management Limited, the management company, held 4,806,648 (June 30, 2022: 4,806,648) certificates of Rs.10/- each.

14. CONTINGENCIES AND COMMITMENTS

Some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding. The modarabas who have received the said letter, collectively decided that under the supervision of NBF & Modaraba Association Pakistan, a petition against the same be filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rental/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. Being similar in nature of business it was expected that the same type of letter shall be received by KASB Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

15. MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provision of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 at the rate of 10% per annum of the annual profits of the Modaraba and hence no accrual is made in these condensed financial statements.

16. SINDH WORKER'S WELFARE FUND

The Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of Sindh Worker's Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly provision has been made at the rate of 2% (June 30, 2022 : 2%) of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.

17. PROVISION FOR TAXATION

	March 31, 2023	March 31, 2022
	----- Rupees -----	
Current	2,757,576	959,860
Deferred	336,111	-
	<u>3,093,687</u>	<u>959,860</u>

18. EARNING / (LOSS) PER CERTIFICATE - BASIC AND DILUTED

	----- Rupees -----			
Profit / (Loss) for the period	<u>24,616,495</u>	<u>6,360,399</u>	<u>15,242,957</u>	<u>2,136,639</u>
	----- Number -----			
Weighted average number of certificates	<u>48,066,480</u>	48,066,480	<u>48,066,480</u>	<u>48,066,480</u>
	----- Rupees -----			
Earnings per certificate -basic and diluted*	<u>0.51</u>	0.13	<u>0.32</u>	<u>0.04</u>

*The Modaraba does not have any dilutive potential shares in issue as at the year

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

19. TRANSACTIONS AND BALANCE WITH RELATED PARTIES

The related parties of the Modaraba comprise of the Management Company and its Holding Company, Modarabas under common management (Awwal Modaraba, First Prudential Modaraba and First Pak Modaraba) other associated companies, staff retirement funds, Directors and Key Management Personnel. Transactions with related parties are carried out at agreed rates.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Modaraba considers its Chief Financial Officer and Business Heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement. Details of certificate holding of Holding Company, Management Company, Directors, Key Management Personnel and their family members are disclosed in pattern of certificate holding included in the annual report of the Modaraba.

Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are given below.

Relationship with Modaraba	Nature of Transactions	March 31, 2023	June 30, 2022
		----- Rupees -----	
Balances with related parties			
Holding Company of the			
Pak Brunei Investment Company Limited	Short term finance	(50,000,000)	(50,000,000)
	Accrued return on musharaka finance	78,000	-
	Accrued shared service cost	(230,891)	(242,936)
Modaraba Management Company			
Awwal Modaraba Management Limited	Management Company's remuneration	(480,605)	(1,257,265)
Modarabas under common management			
Awwal Modaraba	Receivable/(payable) against sharing of common expenses	158,106	(16,415)
First Prudential Modaraba	Receivable against sharing of common expenses	1,016,230	972,680
First Pak Modaraba	Receivable against sharing of common expenses	153,864	138,186
Expense / (income) for the period			
Expense / (income) for the period	Nature of Transactions	March 31, 2023	March 31, 2022
		----- Rupees -----	
Holding Company of the Management Company			
Pak Brunei Investment Company Limited	Return on modraba term deposit	-	(992,641)
	Return on musharaka finance	-	1,678,601
	Return on short term finance	6,728,493	1,546,027
	Shared services cost	2,188,791	2,188,692
Modarabas under common management			
Awwal Modaraba	Reimbursement of expenses	(829,261)	(191,446)
First Prudential Modaraba	Reimbursement of expenses	(4,546,038)	(1,131,749)
First Pak Modaraba	Reimbursement of expenses	(762,873)	(207,279)

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

Other related party			
Jubilee Life Insurance Co.	Takaful premium	510,730	559,751
Payments / (Receipts) made during the period			
Holding Company of the Management Company			
Pak Brunei Investment Company Limited	Musharika Finance	-	50,000,000
	Short term finance	-	(50,000,000)
	Return on musharaka finance	-	8,986,815
	Modaraba term deposit	-	(27,000,000)
	Return on modaraba term deposit	-	(1,118,690)
	Return on short term finance	6,728,493	-
	Shared service cost	2,188,791	2,188,692
	Receipt against novation of diminishing musharika finance facility	-	(25,000,000)
Modarabas under common management			
Awwal Modaraba	Sharing of common expenses	(687,570)	(170,311)
First Prudential Modaraba	Sharing of common expenses	(4,502,488)	(1,527,647)
First Pak Modaraba	Sharing of common expenses	(747,194)	(420,654)
Jubilee Life Insurance Co.	Takaful premium	510,730	559,751

20. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. However, no significant rearrangements or reclassification have been made in these financial statements during the period.

21. GENERAL

Figures in these special purpose statement of financial position have been rounded off to the nearest Rupee.

22. DATE OF AUTHORISATION

These special purpose statement of financial position has been authorized for issue on _____ by the Board of Directors of Awwal Modaraba Management Limited.

For Awwal Modaraba Management Limited
(Modaraba Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

KASB MODARABA

KASB MODARABA
3rd Floor, Horizon Vista, Plot No:
Commercial 10, Block-4, Clifton,
Karachi
Phone : 021- 35374273-74,
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**QUARTERLY
REPORT
MARCH 31,
2023**